

CAAAC MEETING NOTES 10/13/2011
Metcalf Building, Room 111, 1:00 p.m.

Compiled by Oline Barta

ATTENDEES: Don Allen, *WETA*; Dexter Busby, *Montana Refining Co*, Gail Abercrombie, *Gaila Consulting and Montana Petroleum Association*; Jeff Chaffee and Hal Robbins, *Bison Engineering*; Durf Johnson, *MEIC*; Greg Gannon, *Holcim*; and Jeff Briggs, *Ash Grove Cement*. Go-To-Meetings attendees were: Jim Parker, *PPL Montana*; Jon Madison, *MDU*, Thomas Dzomba, *USFS*; Russ Boschee and Clark Snyder, *Riverstone Health*; Paul McKenzie, *Stolze Lumber*; Randall Richert, *ConocoPhillips*; Greg Brown, *CHS, Inc*; Terry Hart, *Colorado Energy*, and Anna Henolson, *Trinity Consultants*. DEQ attendees: Eric Merchant, Dan Walsh, Vickie Walsh, Dave Klemp, Chuck Homer, Bob Habeck, Deb Wolfe, Hoby Rash, Annette Williams, Lacey Evans, Eileen Steilman, Judy Hanson, Norm Mullen, Becky Frankforter, Bonnie Rouse and Oline Barta.

I. WELCOME AND INTRODUCTIONS: Eric Merchant welcomed the group and checked with phone attendees to identify who had joined by Go-To-Meeting. He asked participants to introduce themselves and then recognized long-time CAAAC member Don Allen as a distinguished guest. Don was attending his last CAAAC meeting today before his retirement from WETA. Eric said ARMB wanted to thank Don for his efforts and involvement over the years. Chuck Homer gave Don a plaque on behalf of the Bureau in appreciation of his work as a partner in the communication process between DEQ and the public. Don Allen thanked ARMB saying he enjoyed working with all the people in the CAAAC group and was pleased with the progress that has been made.

II. ARMB RULEMAKING:

- **Fee Rule** - Bob Habeck told the group that he had recently been before the Board of Environmental Review (BER) to talk about the Fee Rule. He said ARMB could either ask the Board to initiate rulemaking to change fees or simply brief them on the status of the fees. For the last two years, ARMB has not raised fees and informed BER about the fee status. Bob said that ARMB was collecting enough revenue to pay Bureau expenses, which had been limited through careful fiscal restraint. He said in the last complete calendar year 2009-2010, emissions went up slightly about 1% and revenues went up about 4%. He said even though the Department has been able to hold the line on fees for two years, with the increased workload, it may not be able to continue to avoid a fee raise. Bob said he and Fiscal Specialist, Becky Frankforter, were constantly involved in fiscal planning. Jim Parker thanked ARMB for their efforts in keeping fees down.

- **NSR PM_{2.5} & Ozone Implementation Rules** - Deb Wolfe reported that the NSR PM_{2.5} Implementation Rule, which made Montana major source permitting rules consistent with federal PSD and NSR rules, went final September 23, 2011. Deb said the NSR Ozone Implementation Rule is the next one to be considered and have rule changes initiated. She said that EPA proposed action on Montana's Infrastructure SIP requesting changes to major source permitting to align with the new ozone regulations. Eric added that ARMB would bring the ozone rule changes to the CAAAC.

III. NAAQS UPDATE:

- **Nitrogen Dioxide (NO₂)-** Eric Merchant updated the group on the designations for NO₂ saying all 56 counties had preliminary designations of attainment or unclassifiable and final designations were expected from EPA by October 31, 2011. He said that no changes were expected. He said the “infrastructure” SIPs that Deb had alluded to from Section 110(a)(2) of the Clean Air Act required states to have incorporated rules protecting the new NAAQS by January 2013. He said the Department believes it already has the controls necessary to accommodate the new NAAQS for NO₂.

- **Ozone** – Eric stated that EPA had withdrawn its reconsideration of the 2008 NAAQS ozone standard of 0.075 ppm and so that limit still stands. Montana, he said, has made designations for all 56 counties as attainment or unclassifiable and expects EPA to make preliminary designations sometime this fall. He said the 110(a)(2) infrastructure SIPs had been due in March and no state complied with this deadline because the standard was being reconsidered. Eric said he had not heard when the new deadline is.

- **PM₁₀ and PM_{2.5}** – Eric told the group that the proposed NAAQS revisions for PM were due this fall followed by a final rulemaking in the fall of 2012. He said ARMB was following this action closely as it has the potential to have significant effects with the 24 hour standard possibly going to around 30 µg/m³ and the annual standard going to 11 or 12 µg/m³.

Sulphur Dioxide (SO₂) – Eric stated that Montana had designated all 56 counties as attainment or unclassifiable in June of this year even though Yellowstone County had a monitored violation of the standard at a state monitoring site. He said EPA should respond by June of 2012 as to whether they agreed with the Department’s reasoning that pending implementation of federal programs would lower emissions to an acceptable level. Dexter Busby asked what the difference was between attainment and unclassified from a permitting standpoint. Eric responded that in general terms there is not much difference, but for SO₂ EPA may be implementing the standard significantly different than in the past. He would elaborate in the next section. Hal Robbins noted that EPA is required to inform states 120 days prior to a designation and asked if ARMB had heard anything. Eric said no and Dave Klemp added that he has brought Montana’s SO₂ designation up at meetings where EPA members were present and heard no negative comments.

IV. SIP ACTIONS –

- **SO₂ NAAQS SIP Implementation Guidance** – Eric stated that he felt for SO₂ NAAQS implementation purposes unclassifiable seems to be the same as nonattainment. He said that unclassifiable areas would now require enforceable emission limits and monitoring/modeling demonstrations and the creation of federally enforceable rules that used to be required only of nonattainment areas. He said according to EPA the typical and historic SIP adequacy demonstration using an evaluation of 110(a)(2) infrastructure SIP elements would not be enough. Rather in accordance with the maintenance SIP requirements of 110(a)(1), within 3 years, states will need to ensure that any unclassifiable area containing large sources of SO₂ will achieve and maintain the NAAQS. This demonstration will require modeled compliance and permanent enforceable emissions limits for the affected sources. He said that EPA planned to do rulemaking that would require this type of demonstration. Eric noted that Montana has 23 major sources of SO₂ and at this time we do not have any facilities with enforceable 1-hour SO₂ emission limits which would be in line with this new short-term standard. He said, among other issues, it would take a lot of resources to do an attainment inventory in these areas and the additional modeling work.

Don Allen asked whether the modeling would be facility by facility or by area. Eric responded that it would be a major source consideration that included consideration of minor sources as well. Vickie Walsh mentioned that the modeling would be similar to major source permit modeling. Eric went on to say that the SIP Implementation Guidance issued by EPA September 22 was a significant departure from previous guidance. He said he attended a NACCA call concerning this issue yesterday. He said that the Department would comment before the November 2 deadline either directly or through a regional planning organization. He said in the guidance EPA listed six points for upcoming rulemaking:

- 1) A compliance demonstration using modeling and monitoring. Eric said the big change was to include modeling. In areas where there is an attainment designation, it will not be made until compliance was shown by both modeling and monitoring.
- 2) Establish modeling requirements necessary to show compliance;
- 3) Establish the scope of analysis required to demonstrate attainment/maintenance of NAAQS under 110(a)(1) of the CAA. He said he thought this was the biggest change for the maintenance SIPs for the unclassifiable areas.
- 4) Establish a time period for sources to comply with limits and the controls needed to maintain the NAAQS under the 110(a)(1) maintenance SIP.
- 5) Set an attainment date for "Unclassifiable" areas.
- 6) Set criteria for re-designating areas from "unclassifiable" to "attainment" within a time frame.

Eric stated that from a practical standpoint, given the changes associated with EPA's SO₂ NAAQS implementation strategy, the Department did not have the resources and staff to accomplish this work at this time. Vickie Walsh pointed out that the time frame of only a year and a half would exacerbate the situation. Eric stated that during the NACCA conference call a commenter suggested that EPA could require states to establish a time line through the 110(a)(2) infrastructure process to get the modeling and other processes done. He thought maybe it would be reasonable to demonstrate for an unclassifiable area within five years instead of eighteen months. Eric stated that EPA would consider local/regional/national SO₂-limiting programs for modeled attainment demonstration, i.e. boiler & utility MACT, Local Consent Decree, Regional Haze and other programs that have not yet been fully implemented. Dexter Busby asked if all facilities, whether undergoing permitting changes or not, would have to demonstrate that they are not violating the SO₂ NAAQS in the next year and a half. Eric replied that major sources would all have to have enforceable emission limits. Vickie Walsh added that not just major sources, but minor sources as well must be considered. Jim Parker asked whether DEQ would comment on the time problem to the EPA. Eric replied that the Department felt that the shortage of time was a very big problem that EPA needed to recognize. Hal Robbins agreed that the time period was too short and liked the idea of using a timeline in the unclassified area. Eric reiterated that the DEQ intends to comment through NACAA or independently by the November 2, 2011 deadline.

- **DEMINIMIS RULE UPDATE** – Deb Wolfe explained that the DeMinimis Rule had changed emissions thresholds for permitting action from 15 tpy to 5 tpy and that it had been sent to EPA for inclusion in the SIP. She said that EPA had acted on it.

- **REGIONAL HAZE/VISIBILITY** – Bob Habeck explained that Protection of Visibility was a 1977 amendment to the CAA to protect Class 1 areas. He gave a brief history of the rule and said that the regional haze rules to clean up fine particulate required more than states could accomplish. Except for NSR and monitoring rules which take visibility into consideration, he said the other five areas of concern remain under a FIP. Bob said in 1999 more rules came out for visibility protection. In May of 2006 Montana notified EPA that it would not fulfill the

requirements of this law, but he said DEQ would continue to provide information to EPA. Bob said that he had been working with EPA on some of the minor components of visibility protection. He said that all states are required to have a long-term strategy and update it every five years.

One of the issues considered is smoke management of outdoor burning. He said he has been working with EPA to interpret Montana's open burning rules. He said he has made a demonstration that when Montana protects public health through its open burning rules, it is also protecting visibility. Bob has recommended revising the 1985 Montana Visibility Plan to include this reasoning and putting the information on the DEQ website for a 30-day comment period. He said it would not be a rule change, just a SIP revision. On behalf of the major open burners, Thomas Dzomba thanked ARMB for simplifying a problematic issue. Don Allen asked how this would affect the federal visibility program. Bob responded that if it is adopted, EPA will have one less thing to do while still having to deal with the other considerations such as BART for major sources and construction dust. Thomas Dzomba asked if DEQ planned to take the Regional Haze program back. Bob replied that DEQ has not completely closed off that possibility and remained open-minded to options. Asked how this SIP revision would affect open burners, Bob replied that major open burners already use BACT in determining their burns and this may avoid the requirement of a duplicate federal permit. Jim Parker asked what the process would be for taking back a federal program. Bob responded that the Department had not taken a FIP back, but he thought it may take rulemaking and plan revision. He closed by saying the Visibility Plan Revision SIP notice for public comment would be on the DEQ website soon and hoped to have information to send to EPA by early December.

REGISTRATION RULE UPDATE – Deb Wolfe said that the Oil & Gas Registration Rule and demonstration had been sent to EPA. She had not heard of any response yet. Deb thanked the CAAAC group for their input and comments. Eric complimented Deb and the registration section on their hard work on this important project. Gail Abercrombie asked when a response should be expected from EPA. Deb said that EPA was required to determine completeness of the submittal within 6 months from the submittal date which would be in March.

V. PROGRAM UPDATES

- **PERMITTING SECTION** – Vickie Walsh updated the group on Senate Bill 47, the bill that exempted wood chippers and grinders used in the forest. She said the legislation came out of a process that involved a stakeholder group. Vickie said the legislation ultimately included all forestry equipment and associated engines used in forestry practices. She said that DEQ has been asked to make some determinations on the applicability of this law on some operations. Vickie stated the Department was in the process of making the determinations with the assistance of the stakeholder group. She noted this law is different for ARMB in that the Department usually permits emitting units and this situation requires the consideration of where the units are and what they are doing. She said an example of the units being considered are air curtain destructors. Historically these have been regulated by DEQ and they now exempt for forestry practices. She invited anyone interested to join the Stakeholder group.

- **COMPLIANCE SECTION** – Dan Walsh told the group that some compressor stations were having problems passing source tests. He said his group was studying the situation to determine the scope of the problem. Dan said ARMB was dealing with this on a case by case basis and looking at the bigger picture from a program standpoint. He plans to bring the results of this study to CAAAC. He said his section was also updating its compliance monitoring strategy which is done yearly at the end of the federal fiscal year and submitted to EPA. Dan said this is done for all major sources, Title V and synthetic minor sources close to the Title V

threshold. He said that ARMB has developed a state plan for minor sources and the rest of the synthetic minor sources which will be used to try to improve efficiency. Lastly, Dan said the first year of online emissions report went well and ARMB was using facility comments to try to improve the system. Participation was good and he hoped the remaining facilities would join in this year. Dan believed the new online system has improved the quality of the data.

- **DATA MANAGEMENT SECTION** – Bob Habeck said he was happy to introduce long-time DEQ/OIT member, Annette Williams, as ARMB's new section supervisor. Annette listed her section's current projects as improving ARMB permitting workflow, upgrading air vision for monitoring and applying for an AQS grant for monitoring data.

- **REGISTRATION SECTION** – Dave Aguirre updated CAAAC on proposed changes to New Source Performance Standards (NSPS) and a new NSPS for crude oil & natural gas production, transmission, and storage. He said Subpart KKK has to do with VOC equipment leaks at natural gas processing plants and how leaks are defined, lowering the parts per million that defines a leak. He said another NSPS change is to Subpart LLL which deals with SO₂ emissions from natural gas processing plants. He noted that Subparts KKK and LLL applied to existing natural gas processing plants. Dave said that the new NSPS for crude oil & natural gas production, transmission and storage (Subpart OOOO) would incorporate both KKK and LLL requirements for new natural gas processing plants. He said that Subpart OOOO will also require VOC emissions from natural gas wells that are hydraulically fractured to either be captured or combusted. He said that Subpart OOOO would also add additional requirements for compressors (requiring either dry seals or the rod packing to be replaced every 26,000 hours of operation depending on the type of compressor), pneumatic devices (low bleed or zero emissions, depending on type of facility), and storage vessels. Dave said that for storage vessels VOC emission controls would be required based on a throughput threshold, 1-barrel/day for condensate and 20 barrels/day for crude oil. He said that it was interesting how they defined crude oil and condensate in Subpart OOOO, i.e. anything with an api gravity greater than 40 would be classified as condensate and would therefore be subject to controls based on 1 barrel per day of production. He thought that many oil and gas facilities located in certain formations in Eastern Montana oilfields currently produce crude oil with an api gravity greater than 40.

Dave went on to discuss two more changing regulations, National Emission Standards for Hazardous Air Pollutants (NESHAP), Subparts HH and HHH. He said HH regulates oil and natural gas production facilities and these rules were specifically for glycol dehydrators, storage tanks and valves; HHH regulates natural gas transmission and storage facilities and new requirements were being put on glycol dehydrators. Dave said the public comment period closes on October 24, 2011 and that EPA has specifically requested comment on sixty-five areas of the rules. Dave was asked if EPA was going to extend the public comment period. Dave stated that according to a recent conference call, EPA would be extending the public comment period until October 31, 2011 but may be reluctant to extend it any further because EPA would have difficulty meeting a consent decree which requires EPA to have a final rule by February 28, 2012. Dexter Busby asked about the implementation period for complying with the rules. Dave replied that he thought it was 60 days after the rules were final.

- **MONITORING SECTION** – Hoby Rash told the group that monitoring was dealing with many challenges and opportunities. He said that ARMB was happy to have hired a new gaseous monitoring coordinator, Ben Evans who comes from Purdue University. Hoby said monitoring has several hardware and software projects changing and improving the way ARMB gets information and makes it available to other users as well. He said ARMB had the opportunity to partner with the regional BLM office. They needed to include air quality

information in their management plans and gave ARMB a grant to put monitors in Malta and Lewistown to gather NO_x O₃ and PM_{2.5} data. This information will fill a data hole in central and north central Montana. Asked where the data would be kept, Hobby responded it would first go into ARMB data base, where it would be quality checked and uploaded to the federal AQS database.

- **POLICY AND PLANNING SECTION** – Eric stated that Policy and Planning issues comprised much of the agenda today. He said that meteorological services touches all aspects of the Bureau and he was happy to announce that ARMB was starting a new era in MET services with the hire of Lacey Evans as the new Department meteorologist. He introduced and welcomed Lacey. He also introduced and welcomed Norm Mullen, new legal advisor for ARMB.

Eric wrapped up the meeting by asking if members were getting what they needed out of the current CAAAC forum. He received two positive comments including Don Allen encouraging ARMB to keep up the good work. In Don's honor, cookies and coffee were served.